THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

BOOK KEEPING
(For Both School and Private Candidates)

062

TIME: 3 Hours

2006/10/17 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions.
3. Electronic calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

This paper consists of 5 printed pages.

SECTION A (20 marks)

1. For each of the items (i) – (x) choose the correct answer from among the given alternatives and write its letter beside the item number.

(i) If the cost of goods sold is shs.160,000 and the vendor's margin is 20 %, what will be the vendor's sales figure?

A shs.201,160
B shs.136,600
C shs.210,000
D shs.200,000
E shs.220,000

(ii) Which of the following is not a source of capital for a business?

A Revenue from business operations
B Money contributed by the owner
C Money borrowed from external source
D Cash received from sales of shares
E Accounts payable

(iii) Outstanding salaries are shown as

A an expense
B a liability
C an asset
D an income
E a gain for the business

(iv) Postings in book-keeping means

A making the first entry of double entry transactions
B entering items in a cashbook
C making entries in different books
D making the second entry of double entry transactions
E recording entries in cash account

(v) Money spent on heavy advertising, whose benefit is to continue for three years to come, is a

A revenue expenditure
B capital expenditure
C deferred revenue expenditure
D current expenditure
E development expenditure

(vi) The descending order in which current assets should be drawn in the balance sheet is

A debtors, stock, bank and cash
B cash, debtors, bank and stock
C debtors, stock, cash and bank
D stock, debtors, bank and cash
E bank, cash, debtors and stock

(vii) The value of stock on hand, at the end of financial year is found by

A stock taking
B stock checking
C stock valuation
D auditing
E stock verification.

(viii) A list of balances extracted from the ledger to check the arithmetical accuracy of the entries is

A balance sheet
B trial balance
C trading account
D profit and loss account
E cash account

(ix) Which of the following should not be called sales?

A Sales of unwanted furniture
B Sales of goods on credit
C Cash sales
D Sales of goods to Evans
E Clearance sales

(x) The term "expense" denotes

A payment or incurring of a debt for an asset
B cost of services used for generating revenue
C cost which fails to produce revenue
D payment incurred in buying an asset
E cost used for paying goods purchased

2. Match the items in List A with the responses in list B by writing the letter of the corresponding response beside the item number.

LIST A

(i) A person who owes money to a business for goods or services supplied to him.
(ii) Equals to fixed assets plus working capital.
(iii) Is carried by an independent auditor who is not an employee of the organization.
(iv) Excess of current assets over current liabilities.
(v) Is the written demand for payments for goods purchased and sold on credit.
(vi) Is a written acknowledgement of money received in settlement of debt.
(vii) Is a special designed form used by a person incharge of making minor cash payments in a firm.
(viii) It is an attribute force that brings a new partner to the business.
(ix) An officer appointed and changed with a duty of collecting revenue and accounting for specified money.
(x) One of the special fund established under the provision of section 17 of the exchequer and audit ordinance.

LIST B

A Internal Audit
B Cost of goods sold
C Capital employed
D Liquid ratio
E Sales ledger
F External audit
G Working capital
H Liquid capital
I Invoice
J Credit note
K Receipt
L Debtor
M Petty cash voucher
N Pay Master General
O Receiver of revenue
P Collector of revenue
Q Sinking fund
R Goodwill
S Civil contingency fund
T Circulating capital

SECTION B (20 marks)

Answer **both** questions in this section.

3. On 1/1/2002, A. Angaza had debtors of shs.25,000/= on which he made a provision for doubtful debts of 3 %.

During 2002:

(i) B. Boss who owed A. Angaza shs.1,200/= was declared bankrupt and a settlement of shs.25/= for every shs.100/= owing was made. The balance being treated as a bad debt.

(ii) Other bad debt written off during the year amounted to shs.2,300/=.

(iii) On 31/12/2002 total debtors amounted to shs.24,300/=, but this required to be adjusted as follows:-

- B. Bush, a debtor owing shs.600/= was known to be unable to pay and this was to be written off.
- A cheque for shs.200/= from M. Makoye was returned from the bank unpaid.

A. Angaza maintained his provision for doubtful debts at 3 % on debtors.

Required:

(a) Prepare

(i) provision for doubtful debts.

(ii) bad debts.

(b) What is the effect on net profit due to the changes in the provision for doubtful debts?

4. Mr. A. Juma sold goods to J. Makala at the value of shs.10,000/= and accepted a bill of exchange for three months. On maturity date the bill was dishonoured and a new bill for 6 months was accepted at an interest of 5 % p. a.

You are required to calculate the amount of

(a) of interest

(b) a new bill

SECTION C (60 marks)

5. 1000 cases of goods costing shs.350,000/= were sent on consignment by ABC Ltd. to XYZ Ltd. on 1st January 2003. At the same time ABC Ltd. paid delivery expenses of shs.10,000/= and insurance of shs.2,000/=. On 1st March 2003 an interim account sales was received from XYZ Ltd. showing that 800 cases had been sold for shs.6,300/= each and that storage charges of shs.18,000/= and selling expenses of shs.10,000= had been deducted from the account. After also deducting the commission on sales which was agreed at 5 % of gross sales. XYZ Ltd. settled the balance due to ABC Ltd. for goods sold by a bank draft.

You are required to prepare the

(a) interim account sale

(b) consignment account in the books of ABC Ltd.

A firm whose trading period ends on 31st December each year buys machinery for shs.100,000 cash on 1st April 2000. The firm estimate that the asset will be used for 5 years. After exactly 2½ years, the asset was suddenly sold for shs.50,000 cash. The firm always provides a full year depreciation in the year of purchase and no depreciation in the year of disposal.

Required

Write up the relevant accounts (including disposal account but not profit and loss account) for each of the years 2000, 2001 and 2002 using

(a) straight line method of depreciation (assume 20 % depreciation rate)

(b) reducing balance method of depreciation (assume 40 % depreciation rate)

J. Mwana is a proprietor of a shop selling books, periodical news papers and children's games and toys. For the purpose of his account he wishes the business to be divided into two departments:-

Depart: A: Books and periodical news papers

Depart: B: Games, toys and fancy goods.

The following balances have been extracted from his nominal ledger as on 31st December 2003.

	DEPT. A	DEPT. B	TOTAL
Sale	300,000	100,000	400,000
Stock as on 1.1.03	2,500	2,000	4,500
Purchases	125,000	82,000	207,000
Salaries and wages	10,000	7,500	17,500
Newspapers delivery wages			1,500
General office salaries			7,500
Rates			1,300
Fire insurance			500
Electricity			1,200
Repair to premises			250
Internal telephone			250
Cleaning			300
Accountancy and audit charges			1,200
General office expenses			600
Stocks as on 31.12.03	3,000	1,500	4,500

The proportion of the total floor area occupied by each department was

Dept. A 1/5

Dept. B 4/5

Required:

Prepare J. Mwana's Trading and profit and loss account for the year ended 31.12.2003, apportioning costs where necessary to show the dept. profit or loss. The apportionment should be made using the methods shown below:-

Area - rates, insurance, electricity, repairs, telephone and cleaning

Turn over – general office salaries, accountancy and audit charges and general office expenses.